agilon health

# Investor Presentation

January 2023

# Disclaimers and Forward-Looking Statements

**FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION**

Statements in this presentation that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, among other things, statements regarding our and our officers' intent, belief or expectation as identified by the use of words such as "may," "will," "project," "expect," "believe," "intend," "anticipate," "seek," "target," "forecast," "plan," "potential," "estimate," "could," "would," "should," and other comparable and derivative terms or the negatives thereof. Examples of forward-looking statements include, among other things: (i) statements regarding timing, outcomes and other details relating to current, pending or contemplated new markets, new partnership structures, financing activities, dispositions, or other transactions discussed in this presentation; and (ii) statements regarding growth opportunities, ability to deliver sustainable long-term value, business environment, long-term opportunities and strategic growth plan including without limitation with respect to expected revenue and net income, total and average membership, Adjusted EBITDA, and other financial projections and assumptions, as well as comparable statements included in other sections of this presentation. Forward-looking statements reflect our current expectations and views about future events and are subject to risks and uncertainties that could significantly affect our future financial condition and results of operations. While forward-looking statements reflect our good faith belief and assumptions we believe to be reasonable based upon current information, we can give no assurance that our expectations or forecasts will be attained. Further, we cannot guarantee the accuracy of any such forward-looking statement contained in this presentation, and such forward-looking statements are subject to known and unknown risks and uncertainties that are difficult to predict. These risks and uncertainties that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, but are not limited to: our history of net losses, and our ability to achieve or maintain profitability in an environment of increasing expenses; our ability to identify and develop successful new geographies, physician partners and payors, or to execute upon our growth initiatives; our ability to execute our operation strategies or to achieve results consistent with our historical performance; our expectation that our expenses will increase in the future and the risk that medical expenses incurred on behalf of members may exceed the amount of medical revenues we receive; our ability to secure contracts with Medicare Advantage payors or to secure Medicare Advantage payments at favorable financial terms; our ability to recover startup costs incurred during the initial stages of development of our physician partner relationships and program initiatives; significant reductions in our membership; challenges for our physician partners in the transition to a Total Care Model; inaccuracies in the estimates and assumptions we use to project the size, revenue or medical expense amounts of our target markets; the spread of, and response to, the novel coronavirus, or COVID-19, and the inability to predict the ultimate impact on us; security breaches, loss of data or other disruptions to our data platforms; the impact of devoting significant attention and resources to the provision of certain transition services in connection with the disposition of our California operations; our subsidiaries' lack of performance or ability to fund their operations, which could require us to fund such losses; our dependence on a limited number of key payors; the limited terms of our contracts with payors and that they may not be renewed upon their expiration; our reliance on our payors for membership attribution and assignment, data and reporting accuracy and claims payment; our dependence on physician partners and other providers to effectively manage the quality and cost of care and perform obligations under payor contracts; our dependence on physician partners to accurately, timely and sufficiently document their services and potential False Claims Act or other liability if any diagnosis information or encounter data are inaccurate or incorrect; reductions in reimbursement rates or methodology applied to derive reimbursement from, or discontinuation of, federal government healthcare programs, from which we derive substantially all of our total revenue; statutory or regulatory changes, administrative rulings, interpretations of policy and determinations by intermediaries and governmental funding restrictions, and their impact on government funding, program coverage and reimbursements; regulatory proposals directed at containing or lowering the cost of healthcare and our participation in such proposed models; the impact on our revenue of CMS modifying the methodology used to determine the revenue associated with MA members; the potential that we may incur future indebtedness; and risks related to other factors discussed under "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 and Annual Report on Form 10-K for the year ended December 31, 2021. Except as required by law, we do not undertake, and hereby disclaim, any obligation to update any forward-looking statements, which speak only as of the date on which they are made.

**NON-GAAP**

This presentation includes references to non-GAAP financial measures, including but not limited to Adjusted EBITDA. Management believes Adjusted EBITDA helps identify underlying trends in agilon's business and facilitate evaluation of period-to-period operating performance of agilon's live geographies by eliminating items that are variable in nature and not considered by the Company in the evaluation of ongoing operating performance, allowing comparison of agilon's recurring core business operating results over multiple periods. The Company also believes Adjusted EBITDA provides useful information about agilon's operating results, enhances the overall understanding of past performance and future prospects, and allows for greater transparency with respect to key metrics used for financial and operational decision-making. Management believes Adjusted EBITDA or similarly titled non-GAAP measures are widely used by investors, securities analysts, ratings agencies, and other parties in evaluating companies in agilon's industry as a measure of financial performance. Other companies may calculate Adjusted EBITDA or similarly-titled non-GAAP measures differently from the way the Company calculates Adjusted EBITDA. As a result, the Company's presentation of Adjusted EBITDA may not be comparable to similarly titled measures of other companies, limiting its usefulness as a comparative measure. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as an alternative to GAAP measures or other financial statement data presented in agilon's consolidated financial statements. Reconciliation of such non-GAAP measures to the applicable GAAP measures are set forth in the appendix.

**TRADEMARKS**

All rights to the trademarks included herein, other than the Company's trademarks, belong to their respective owners and our use hereof does not imply any endorsement by the owners of these trademarks.

# Primary Care Physicians Need a New Business Model

**Senior Population Growing**

62M → **75M**

**Medicare population** 2020–2030

**Increasing Focus on Value**

**100%**

CMS target for Medicare beneficiaries in **total cost models**

**Primary Care Capacity is Strained**

**~10–20%**

Projected **shortage in primary care capacity** by 2030

| Traditional Fee for Service | agilon Total Care Model |
|---|---|
| **Unsustainable Economics** (Per Visit Revenue, Transactional) | **Subscription Economics** (Member per Month Revenue, Holistic) |
| **Uncoordinated** (Limited Time and Access) | **Coordinated, Proactive** (Team-based, Expanded Access) |
| **Fragmented** (Defined by Payors) | **Single Experience** (Defined by Primary Care Physicians) |

# agilon Is Leveraging Powerful Drivers

**Scaled First Mover**
- **11 to 25** markets from 2021-2023
- **238k to ~500k** members from 2021-2023

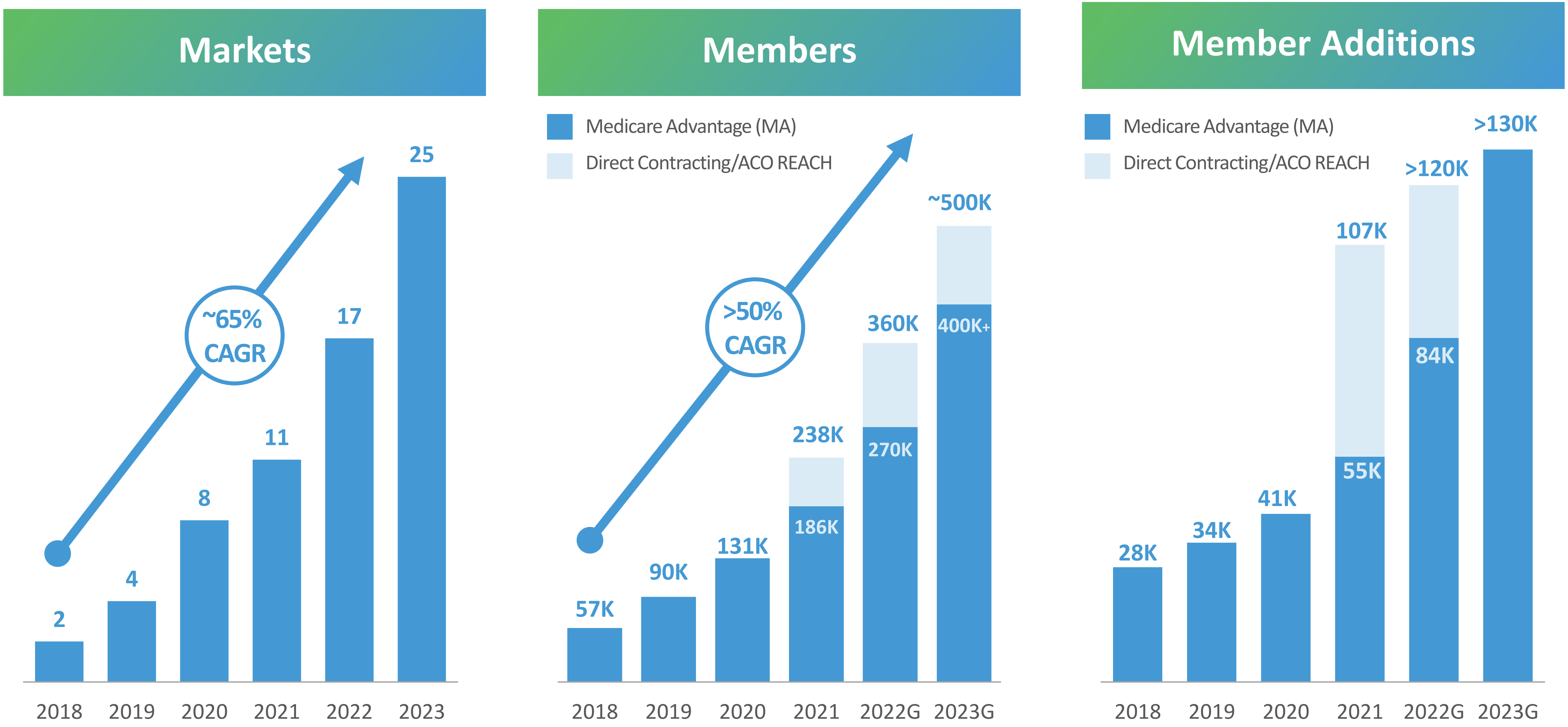
**PCPs Are Winning**
- **1,300 to 2,200+** PCPs from 2021-2023
- **>$400M** reinvested with PCPs since 2018

**Better Outcomes for Patients**
- **4+ Star** quality performance
- **30-40%** better utilization vs. Medicare FFS

**Market Opportunity Accelerating**
- **48% MA penetration** in 2022 vs. 37% in 2018
- **100%** of Medicare beneficiaries in value by 2030

**Powerful Financial Model**
- **20-year** highly aligned partnerships
- **LT earnings power: >65%** of members on platform <3 years

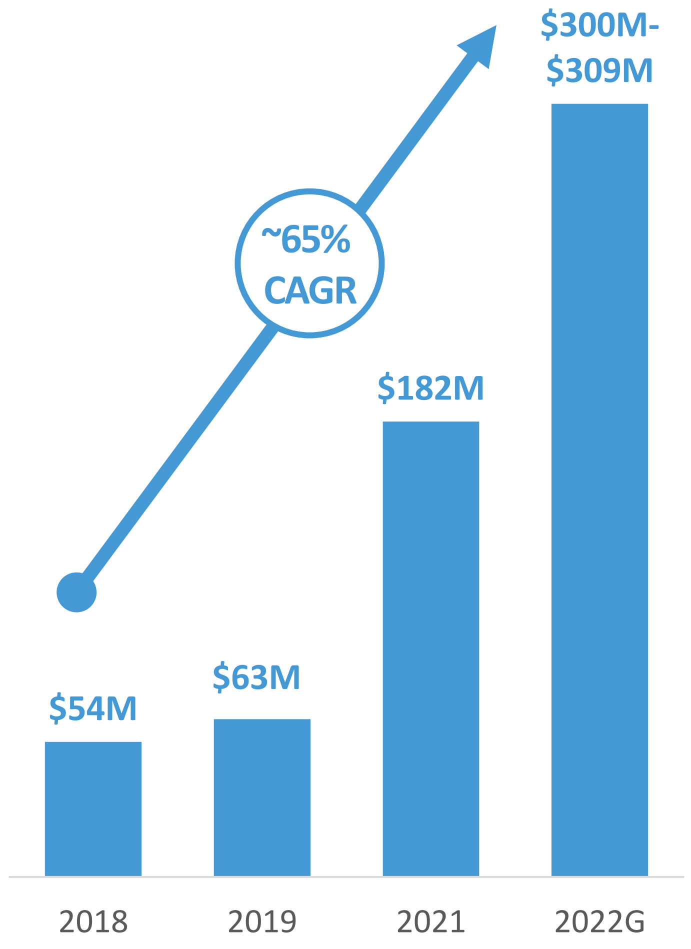
# agilon and Market Opportunity at Inflection Point



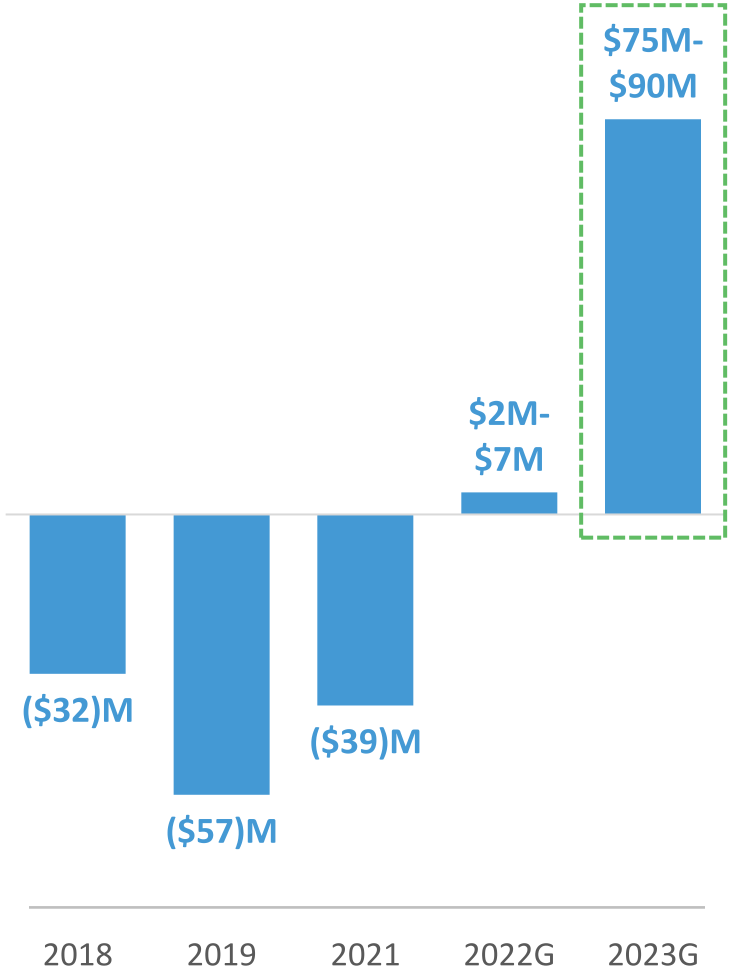

agilon health

# Inflecting Margins on Higher Membership Growth

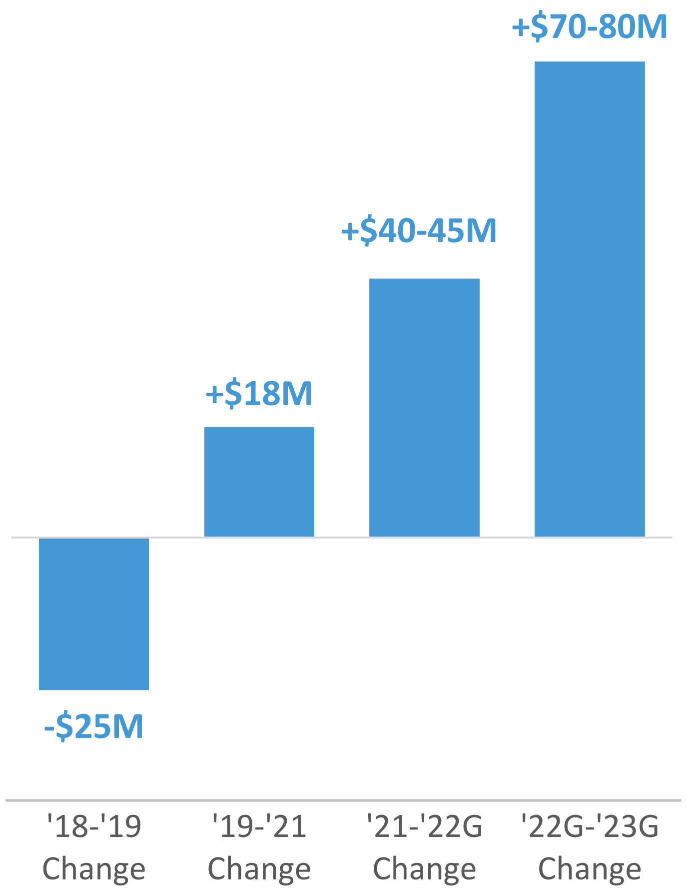
## Medical Margin




## Adjusted EBITDA



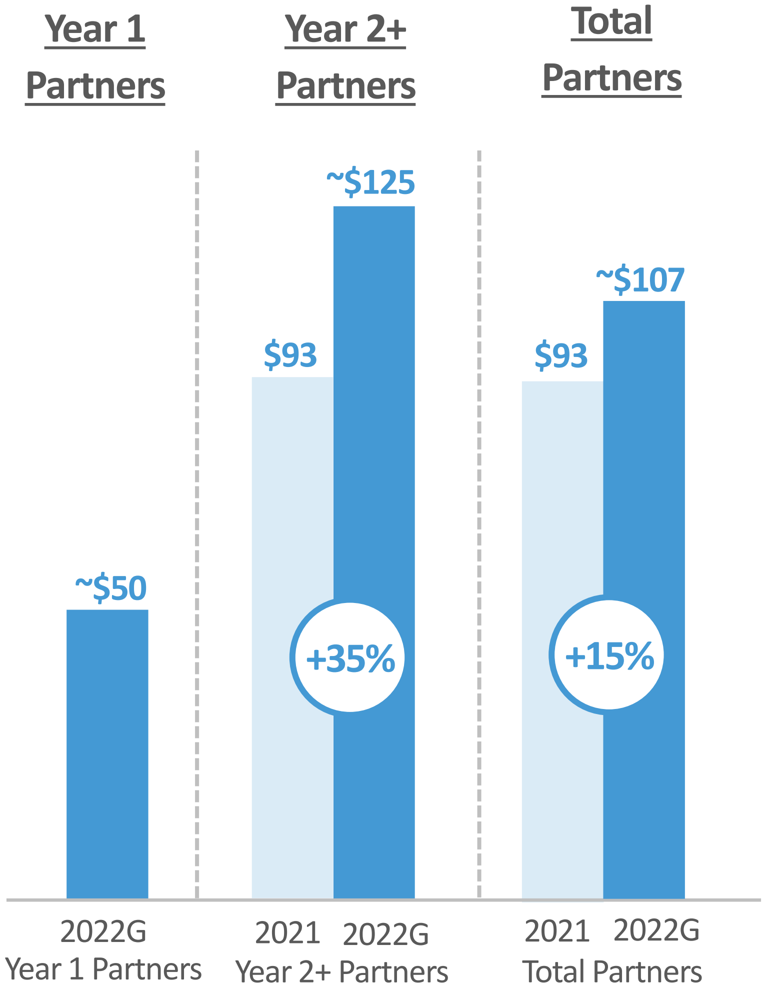

## Adj. EBITDA Progression



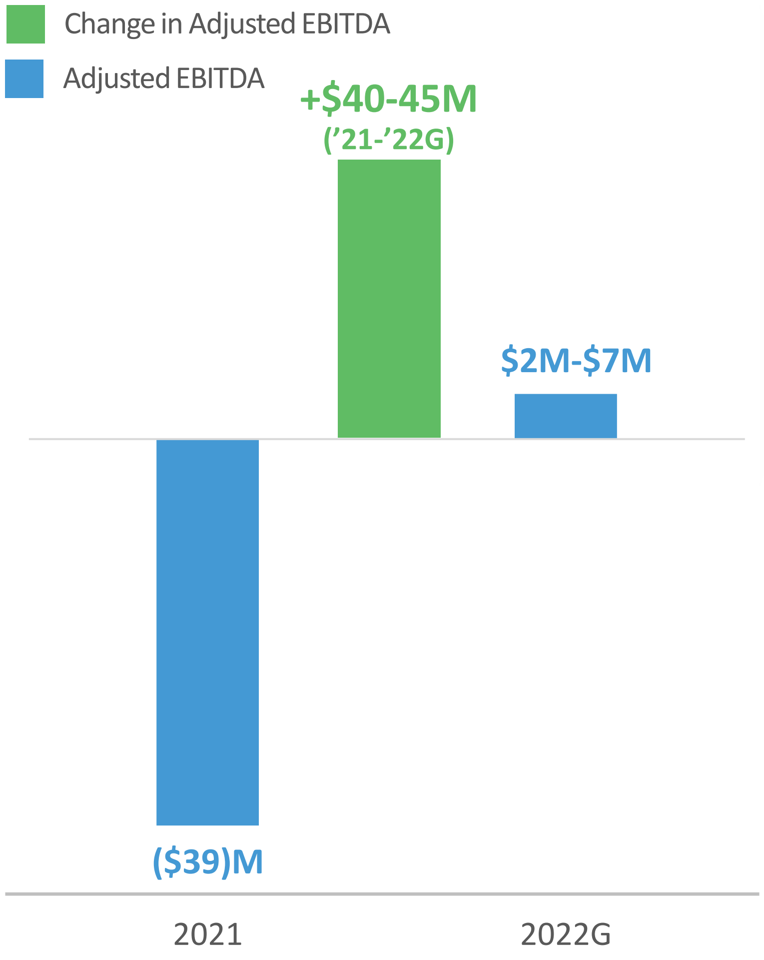

Note: Medical Margin and Adj. EBITDA progression excludes the 2020 period due to the impact of COVID

# Annual Margin Progression Driven by Maturing Membership Base

## Medical Margin PMPM
(Partner Markets)




## Adj. EBITDA Progression




## EBITDA Drivers

### Year 2+ Partner Markets

- **~$125** Medical Margin PMPM for Year 2+ partner markets in '22
- Driving **90%** of increase to Adj. EBITDA in '22

### Year 1 Partner Markets

- **~$50** Medical Margin PMPM for Year 1 partner markets in '22
- Modest contribution to Adj. EBITDA in '22

### Platform Support Leverage

- **5%** of Revenue in '22 vs. **7%** in '21
- Revenue grew **46%** in 2022

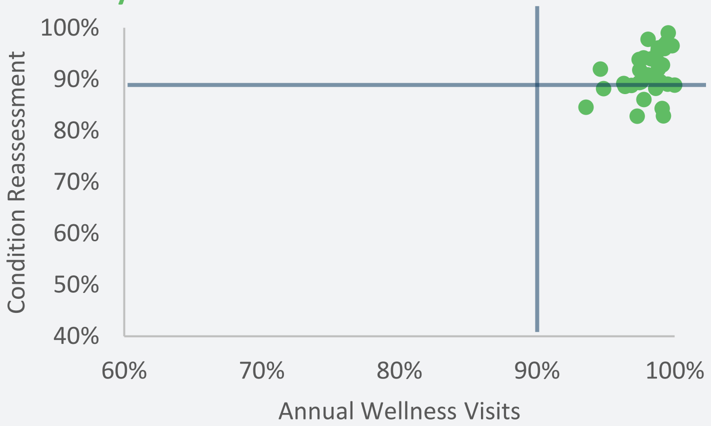
**+$40-45M**
**Increase in Adjusted EBITDA in 2022**

agilon health

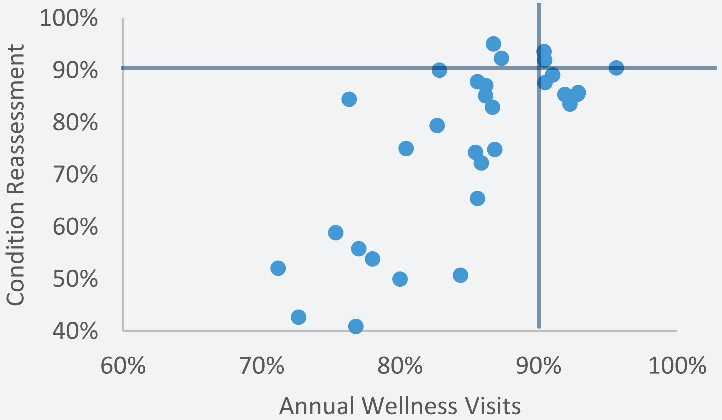
# Consistent Approach to Improving Access, Quality, and Utilization

## Patient Access
(2022 vs. 2020)

### 2022 Physician Performance

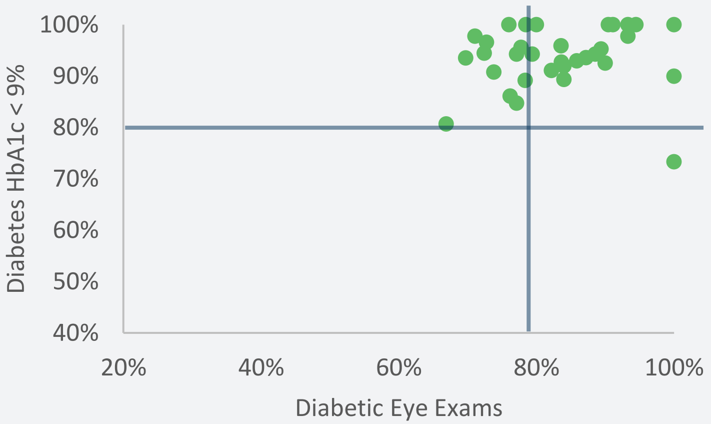



### 2020 Physician Performance

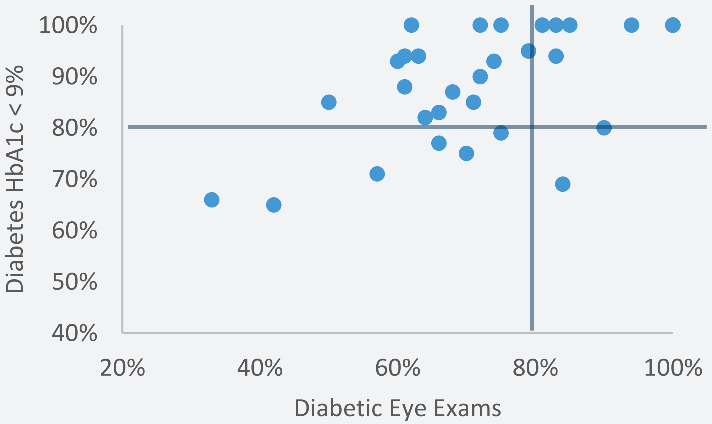



## Quality Performance
(2022 vs. 2020)

### 2022 Physician Performance

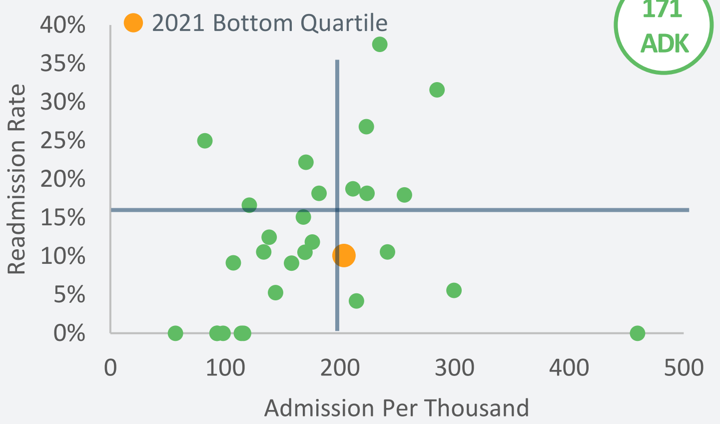



### 2020 Physician Performance

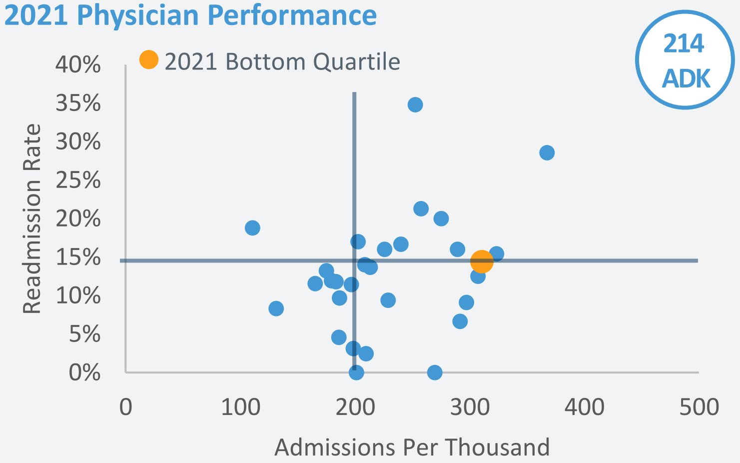



## Utilization
(2022 vs. 2021)

### 2022 Physician Performance



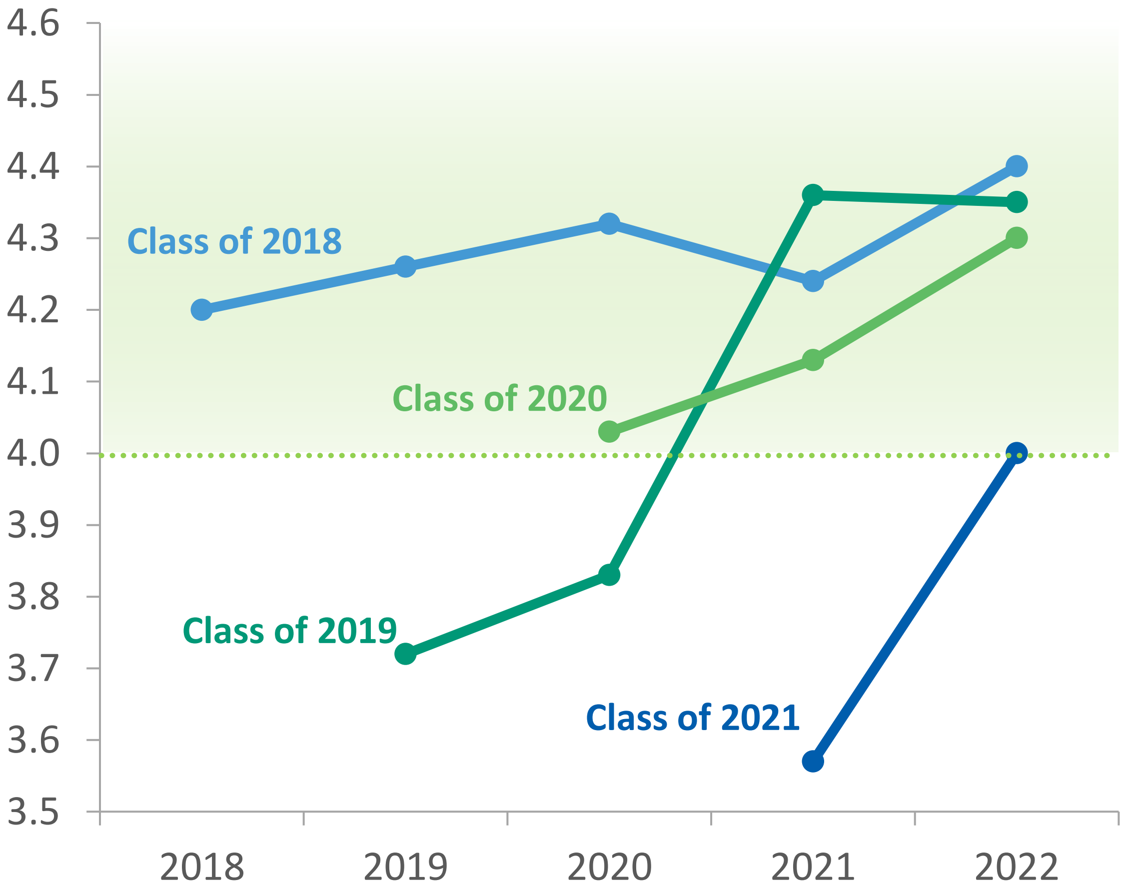

### 2021 Physician Performance




Note: Data from case study of an agilon health partner market.

# Scaling Quality and Utilization Outcomes Across Network

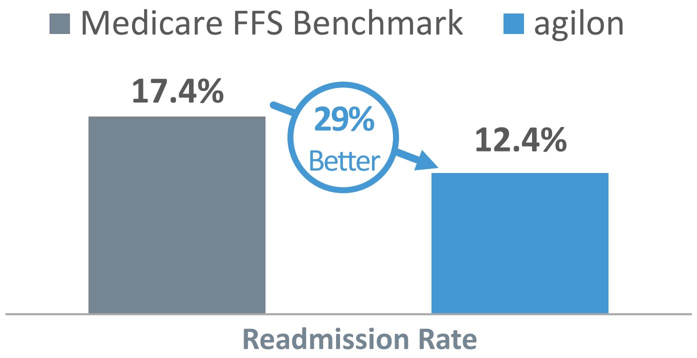
## Quality Star Performance



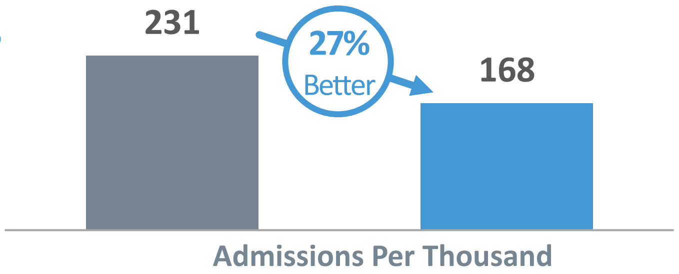

Note: 2022 Star performance represents management's projection based on care gap closures

## Efficient Utilization

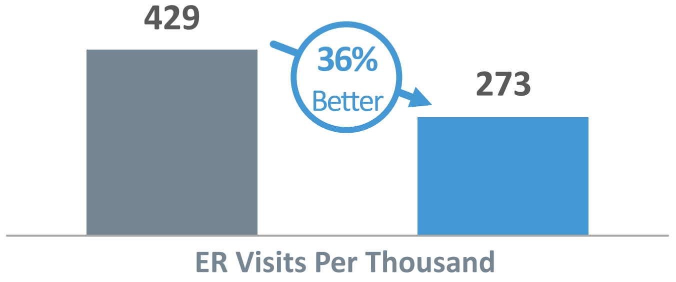
### Readmissions




### Hospital Admissions



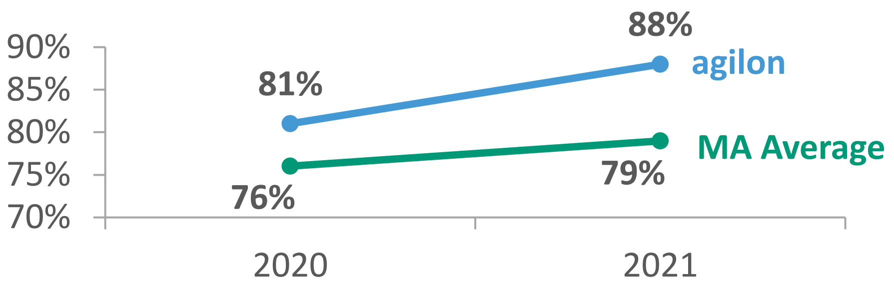

### Emergency Department Visits



# Exceptional Quality Performance for Diabetic Patients

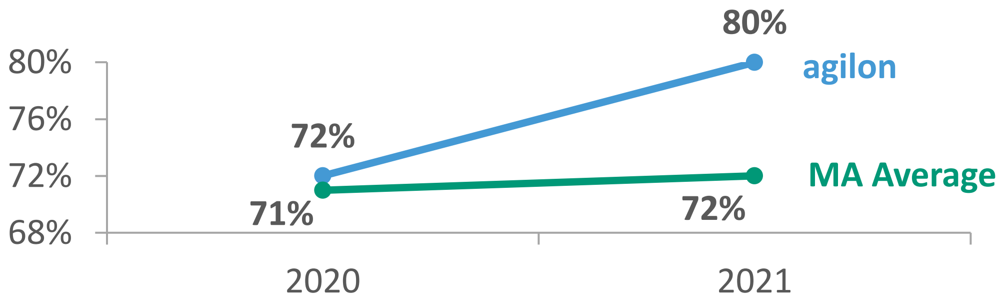
## Improving Diabetes Care

Blood Glucose Control for Patients with Diabetes




**>2x** Greater Improvement vs. National MA Average

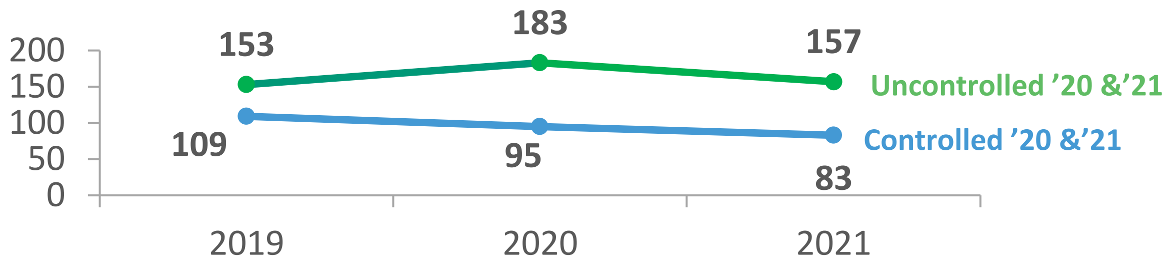
Eye Exams for Patients with Diabetes




**>3x** Greater Improvement vs. National MA Average

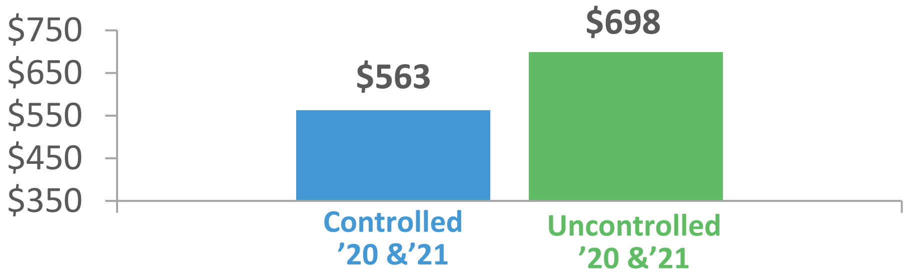
## Better Patient Outcomes

Acute Inpatient Admits per K




Controlled agilon patients had **~50% fewer IP admissions**

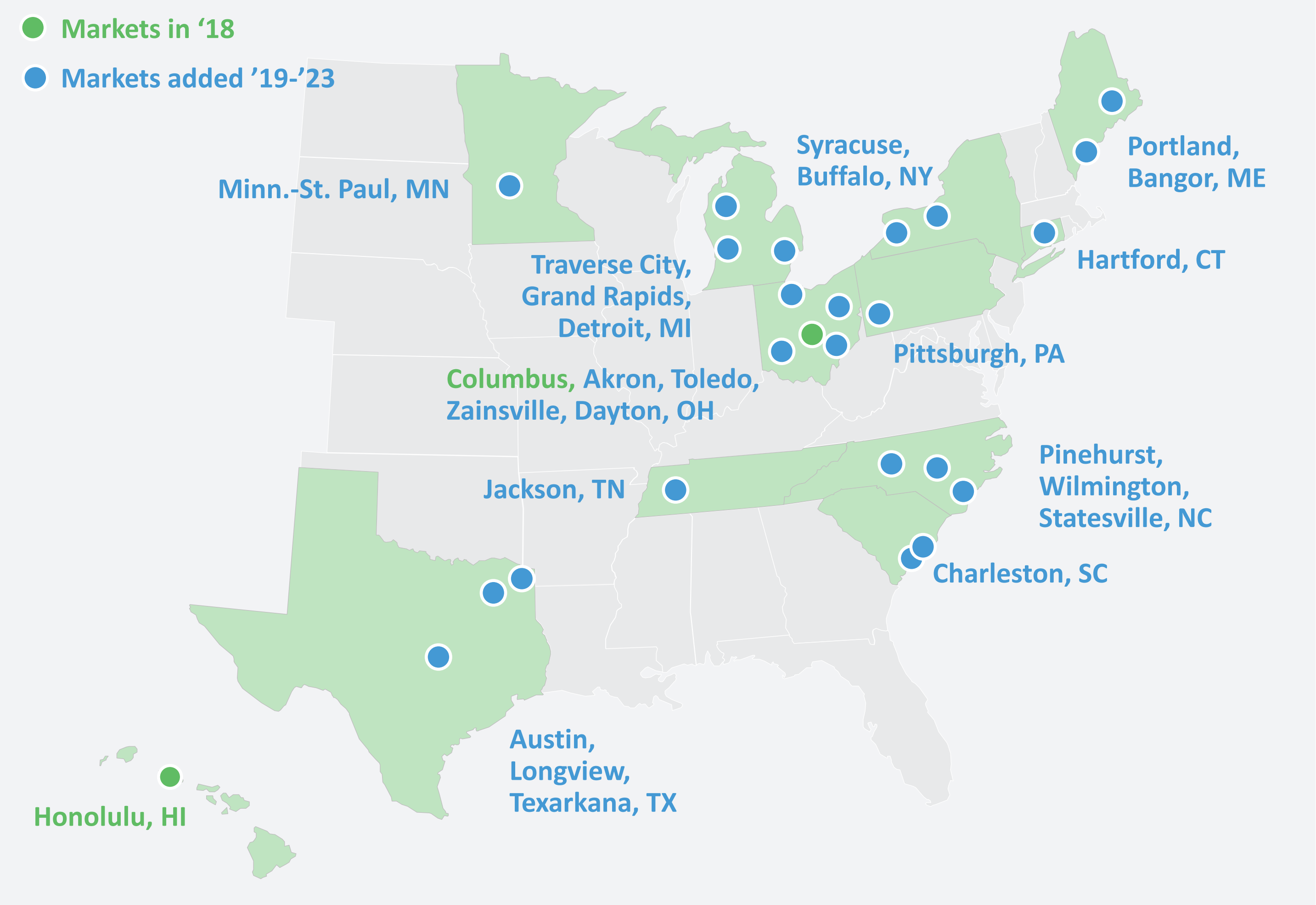
Total Medical Paid PMPM CY 2021



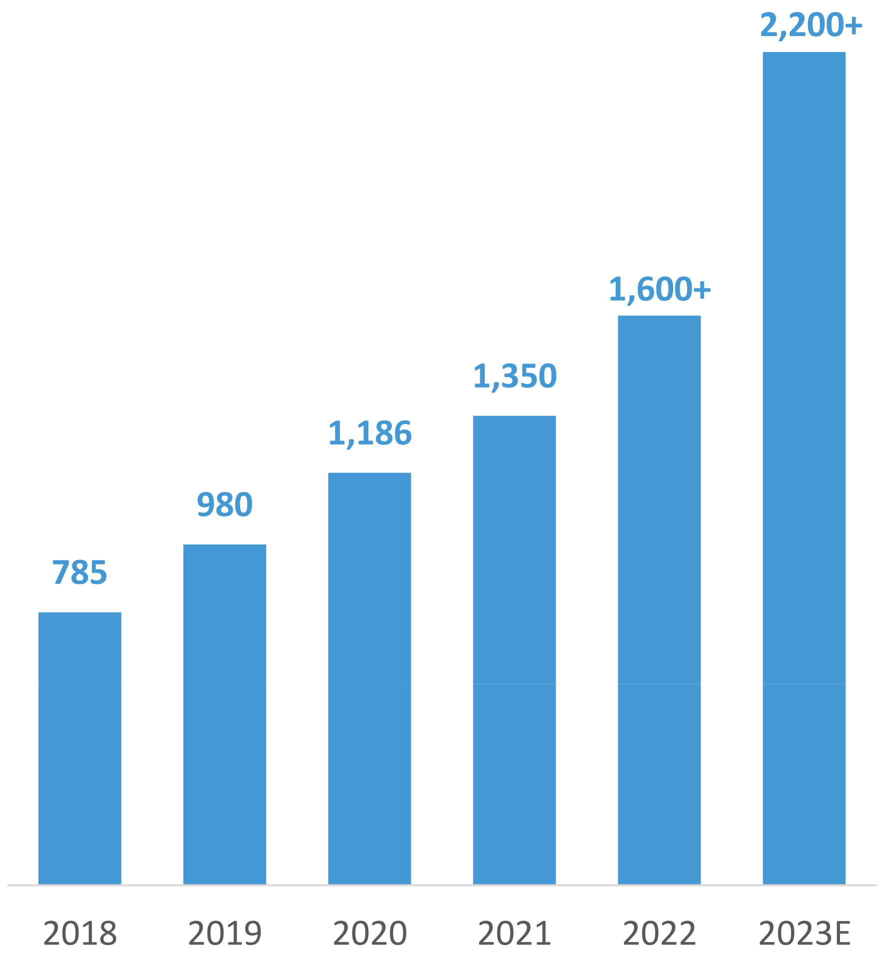

**19% lower costs** for controlled agilon patients

# Rapid Expansion of agilon Network

## agilon Network: 25 Markets in 12 States




## PCPs on agilon Platform




Note: CAGR reflects PCPs in partner markets

# January Business Update

## Strong Momentum Entering 2023 and High Visibility to 2024 Membership Growth

- **Reaffirming Adjusted EBITDA Guidance for 2022 of $2M-$7M**
  - ~$40M-$45M YoY increase to Adjusted EBITDA compared to 2021

- **Providing Preliminary Adjusted EBITDA Outlook for 2023 of $75M-$90M**
  - ~$70M-$80M+ YoY increase to Adjusted EBITDA compared to 2022 guidance, even with record membership growth
  - Expect Adjusted EBITDA Contribution from Direct Contracting of $5M-10M

- **Expect Ending Medicare Advantage Membership of >400K in 2023, up 48% YoY**
  - Compares to previous outlook of 390K ending Medicare Advantage Members in 2023
  - Adding a record 130K new Medicare Advantage Members to platform in 2023
  - Direct Contracting/REACH membership expected at ~80-85K in 2023

- **Strong momentum for the Class of 2024 new partners, including significant in-market growth**

# Appendix

# Non-GAAP Reconciliations

## ADJUSTED EBITDA

| (Dollars in thousands) | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 |
| Net income (loss) | $(406,787) | $(60,052) | (282,588) | (146,926) |
| (Income) loss from discontinued operations, net of income taxes | 1,303 | (3,156) | 168,285 | 65,338 |
| Interest expense | 6,146 | 8,135 | 9,068 | 9,839 |
| Income tax expense (benefit) | 886 | 865 | (232) | (113) |
| Depreciation and amortization | 14,544 | 13,531 | 12,253 | 11,385 |
| Geography entry costs[1] | 32,572 | 27,100 | 9,787 | 4,918 |
| Severance and related costs[2] | 12,861 | 4,009 | 3,675 | 3,036 |
| Management fees[3] | 433 | 1,530 | 1,885 | 1,755 |
| Stock-based compensation expense | 292,394 | 6,472 | 4,399 | 2,950 |
| EBITDA adjustment related to equity method investments[4] | 1,736 | — | — | — |
| Other[5] | 5,293 | 7,393 | 16,757 | 15,578 |
| Adjusted EBITDA | $ (38,619) | $ 5,827 | (56,711) | (32,240) |

1. Represents direct geography entry costs, including investments to develop and expand our platform and costs in geographies that are in implementation and are not yet generating revenue. For the years ended December 31, 2021, 2020, 2019, 2018 (i) $12.0 million, $8.9 million, $2.9 million, and $2.2 million, respectively, are included in other medical expenses and (ii) $20.6 million, $17.9 million, $6.9 million, and $2.7 million, respectively, are included in general and administrative expenses.
2. For the year ended December 31, 2021, includes taxes and related costs on stock option exercises for departed executives of $5.4 million.
3. Represents management fees and other expenses paid to CD&R. In connection with our initial public offering, we terminated our consulting agreement with CD&R, effective April 16, 2021. We were not charged a fee in connection with the termination of this agreement.
4. Includes direct geography entry costs of and $1.3 million for the year ended December 31, 2021.
5. Includes changes in non-cash accruals for unasserted claims and contingent liabilities.

We have not reconciled guidance for Adjusted EBITDA to net income (loss), the most comparable GAAP measure, and have not provided forward-looking guidance for net income (loss) because of the uncertainty around certain items that may impact net income (loss).

# Financial Outlook for Fiscal Year 2022

| | Year Ending December 31, 2022 |
|---|---|
| **Ending MA Members** | 268,000 – 270,000 |
| **Ending DCE Members** | 85,000 – 87,000 |
| **Total Revenue** | $2,674M – $2,683M |
| **Medical Margin** | $300M – $309M |
| **Adjusted EBITDA** | $2M – $7M |

We have not reconciled guidance for Adjusted EBITDA to net income (loss), the most directly comparable GAAP measure, and have not provided forward-looking guidance for net income (loss), because of the uncertainty around certain items that may impact net income (loss), including stock-based compensation.